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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91196926
Party	Defendant Dorfman-Pacific Co.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

GMA ACCESSORIES, INC.,)	
)	
Opposer,)	Opposition No.:91196926
)	
v.)	Application No.: 77/965,616
)	
DORFMAN-PACIFIC CO.,)	Mark: CAPPELLI STRAWORLD
)	
Applicant.)	

**DORFMAN-PACIFIC'S MEMORANDUM IN OPPOSITION
TO MOTION FOR SUMMARY JUDGMENT**

TABLE OF CONTENTS

	<u>Page</u>
I. DESCRIPTION OF THE RECORD	1
II. STATEMENT OF THE ISSUES	1
III. RECITATION OF FACTS	1
A. Dorfman-Pacific Company's CAPPELLI STRAWORLD, INC.® Trademark Has Been In Continuous Use Since 1957	1
B. Dorfman-Pacific Owns Incontestible United States Trademark Registration No. 2,326,188 For The Mark CAPPELLI STRAWORLD, INC.®	2
C. Dorfman-Pacific Owns The Registered Domain Name And URL <WWW.CAPPELLISTRAWORLD.COM>	3
D. Dorfman-Pacific Owns United States Trademark Application No. 77/965,616 For The Mark CAPPELLI STRAWORLD	4
E. Cancellation No. 92044972 Involved Different Parties, Different Marks, Different Claims, Different Transactional Facts, And Was Never Litigated On The Merits	5
IV. ARGUMENT	6
A. Legal Standard For The Grant Of Summary Judgment	7
B. The Board Should Strike And Disregard The Declaration Of Conor F. Donnelly, Esq. And Deny GMA's Motion For Summary Judgement As Unsupported By Admissible Evidence	8
C. GMA's Motion For Summary Judgment Should Be Denied Because Genuine Issues Of Material Fact Preclude A Finding Of <i>Res Judicata</i>	10
1. There Is No Issue Preclusion Resulting From Cancellation No. 92044972	11
a. The Issues In Prior Cancellation No. 92044972 Were	

	Different Than The Issues In The Present Opposition Proceeding	13
b.	No Issues Were Actually Litigated In Prior Cancellation No. 92044972	14
c.	The Issues Relating To GMA’s Alleged Federal Trademark Registrations Were Non Involved or Necessary To The Judgment In The Prior Proceeding	15
d.	Dorfman-Pacific Was Not A Party To GMA’s Alleged Cancellation Proceeding And Had No Opportunity To Litigate Any Issue In The Prior Proceeding	15
2.	The Is No Claim Preclusion Resulting From Cancellation No. 92044972	16
a.	GMA Has Not Established An Identity Of The Parties Or Their Privies	16
b.	There Was No Final Judgment On The Merits Of GMA’s Prior Claim	17
c.	The Claims In The Prior And Present Proceedings Are Based On An Entirely Different Set Of Transactional Facts	17
IV.	CONCLUSION	19

TABLE OF AUTHORITIES

Page

CASES

<i>Celotex Corp. v. Catrett</i> , 477 U.S. 317, 322 (1986)	7
<i>Brown v. Felsen</i> , 442 U.S. 127, 132 (1979)	15
<i>Copeland’s Enterprises, Ltd. v. Capital Speadkers Clup of Washington DC, Inc.</i> , 41 USPQ2d 1030, 1034 (TTAB 1996)	7
<i>Foster v. Hallco Mfg. Co.</i> , 947 F.2d 469, 480 (Fed. Cir. 1991)	16, 17
<i>Gasser Chair Co. Inc. v. Infanti Chair Mfg Co.</i> , 60 F.3d 770, 773, 34 USPQ2d 1822, 1824 (Fed. Cir. 1995)	6
<i>Kearns v. Gen. Motors Corp.</i> , 94 F.3d 1553, 1557 (Fed. Cir. 1996)	14, 15, 17
<i>Lloyd’s Food Products, Inc. v. Eli’s Inc.</i> , 987 F.2d 766, 767, 25 USPQ2d 2027 (Fed. Cir. 1993)	7
<i>Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.</i> , 424 F.3d 1229, 1234 (Fed. Cir. 2005)	12, 16
<i>Migra v. Warren City Sch. Dist. Bd. of Educ.</i> , 465 U.S. 75, 77 n.1 (1984)	10-11
<i>Montana v. United States</i> , 440 U.S. 147, 153-55 (1979)	12
<i>Old Tyme Foods, Inc. v. Roundy’s Inc.</i> , 961 F.2d 200, 202, 22 USPQ2d 1542 (Fed. Cir. 1992)	7
<i>Opryland USA, Inc. v. The Great American Music Show, Inc.</i> , 970 F.2d 847, 16 USPQ2d 1783 (Fed. Cir. 1990)	7
<i>Parklane Hosiery Co. v. Shore</i> , 439 U.S. 322, 330-32 (1979)	11
<i>Park ‘N Fly v. Dollar Park and Fly, Inc.</i> , 469 U.S. 189, 205 (1985)	8
<i>Russell v. Place</i> , 94 U.S. (4 Otto) 606, 610 (1877)	12

<i>Sharp Kabushiki Kaisha v. Thinksharp, Inc.</i> , 448 F.3d 1368, 1370, 81 USPQ2d 1748 (Fed. Cir. 2007)	10
<i>United States v. Munsingwear, Inc.</i> , 340 U.S. 36, 38 (1950)	12, 18
<i>Vitronics Corp. v. Conceptronic, Inc.</i> , 90 F3d 1576, 39 USPQ2d 1573, 1579 (Fed. Cir. 1996)	8

STATUTES

15 U.S.C. §1001	10
15 U.S.C. §1065	10
15 U.S.C. §1115(b)	12
37 CFR §2.122	8
Fed. R. Civ. P. Rule 56(c)	7
Fed. R. Civ. P. Rule 56(e)	8
Fed. R. Evid. Rule 602	9

I. DESCRIPTION OF THE RECORD

Opposer GMA Accessories (“GMA”) moved for summary judgment before any disclosures or discovery in the case. In view of the current suspension of these opposition proceedings, which resulted from GMA’s early motion for summary judgment, the record presently consists of the initial pleadings in the case, which include Opposer’s Notice of Opposition and Applicant’s Answer and Counterclaims (With Fee) and the submissions of the parties in connection with the present Motion For Summary Judgment.

II. STATEMENT OF THE ISSUES

Whether the Board should deny GMA’s Motion For Summary Judgment on *res judicata* grounds where GMA failed to provide admissible evidence establishing each element required for the application of *res judicata*, and where genuine issues of material fact exist concerning the application of issue preclusion and/or claim preclusion.

III. RECITATION OF FACTS

A. Dorfman-Pacific Company’s CAPPELLI STRAWORLD, INC.® Trademark Has Been In Continuous Use Since 1957

Beginning in 1957, Cappelli Strawworld, Inc. used the trademark CAPPELLI STRAWORLD, INC.® to identify its apparel products in the marketplace. A family-owned business, its current president, Bonnie Rubel, was a young child when the family first began using this trademark on its products. See, Declaration of Bonnie Rubel, ¶1, filed herewith and incorporated herein by this reference. For example, Exhibit A to Ms. Rubel’s Declaration is a family photograph showing Ms. Rubel as a child with her family, including a CAPPELLI STRAWORLD, INC.® handbag/tote bag shown in her grandmother’s hands.

Ms. Rubel joined the company after she completed her education and was later promoted to be its President. Rubel Dec., ¶6. Over the decades, the company has continuously used its CAPPELLI STRAWORLD, INC.® mark on tote bags and handbags made of straw and rayon, and women's hats made of straw, felt, velvet and cotton. Id.

Over this period, people in the trade, such as suppliers, customers, company representatives, as well as Ms. Rubel's family, friends, and company employees have identified the company's products using "CAPPELLI STRAWORLD, INC., CAPPELLI STRAWORLD or CAPPELLI." Rubel Dec., ¶7.

B. Dorfman-Pacific Owns Incontestible United States Trademark Registration No. 2,326,188 For The Mark CAPPELLI STRAWORLD, INC.®

On February 25, 1999, Ms. Rubel's company filed Application Serial No. 75/648,464 and United States Trademark Registration No. 2,326,188 (the "'188 Registration'"), on the Principal Register, issued for the mark CAPPELLI STRAWORLD, INC.® on March 7, 2000. See, Declaration of Michael Cronen, Exhibit A ('188 Registration), filed herewith and incorporated herein by this reference.

As set forth in the '188 Registration, the mark was first used at least as early as 1957, and it was first used in interstate commerce at least as early as 1972. Id. See also, Rubel Dec., ¶¶4-6. The recited goods of the '188 Registration are: "tote bags and handbags made of straw and rayon" in International Class 18; and "women's hats made of straw, felt, velvet and cotton" in International Class 25. The '188 Registration also includes a "Disclaimer" of the word "INC". Id.

Trademark Office records reflect the following entry for the '188 Registration on June 14,

2005: “Section 8 (6-year) accepted & Section 15 acknowledged”. Cronen Dec., Exhibit B
(Printout from TARR web server).

Pursuant to Section 15 of the Lanham Act, 15 U.S.C. §1065, therefore, the ‘188 Registration is presently “incontestable”. Under Section 33 of the Lanham Act, 15 U.S.C. §1115(b), the incontestable status of the ‘188 Registration “shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods ... specified in the registration”. The ‘188 Registration also provides conclusive evidence that Dorfman’s CAPPELLI STRAWORLD, INC.® mark is a strong trademark. *Park ‘N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985) (Infringement action involving incontestible registration “may not be defended on the grounds that the mark is merely descriptive.”).

On June 19, 2009, Ms. Rubel’s company assigned United States Trademark “Registration No. 2,326, 188”, including “all right, title, interest and goodwill in and to the registered trademark” CAPPELLI STRAWORLD, INC.®, to Applicant, Dorfman-Pacific Company. Rubel Dec., Exhibit B.

Dorfman-Pacific thereafter renewed the ‘188 Registration. Trademark Office records reflect the following entry for the ‘188 Registration on March 4, 2010: “Section 8 (10-year) accepted/ Section 9 granted”. Cronen Dec., Exhibit B.

**C. Dorfman-Pacific Owns The Registered Domain Name And URL
<WWW.CAPPELLISTRAWORLD.COM>**

On June 19, 2009, Cappelli Strawworld, Inc. also assigned its ownership of the “registered

... domain name or URL, www.cappellistraworld.com” registered “with Network Solutions, LLC” to Dorfman-Pacific. Rubel Dec., Exhibit C and ¶10. The assigned domain name registration of , www.cappellistraworld.com was “created on 14-Mar-2000”. Id. Dorfman-Pacific now maintains this domain name and registration, which is currently effective until March 14, 2018.

D. Dorfman-Pacific Owns United States Trademark Application No. 77/965,616 For The Mark CAPPELLI STRAWORLD

On March 23, 2010, after the CAPPELLI STRAWORLD, INC.® mark and ‘188 Registration were assigned to it, Dorfman-Pacific filed United States Trademark Application No. 77/965,616 to register its mark CAPPELLI STRAWORLD (the “‘616 Application”). The ‘616 Application is the subject of the present Opposition proceeding.. See, Cronen, Exhibit C (Printout from TARR web server).

Dorfman-Pacific’s ‘616 Application specifically refers to its ‘188 Registration as a “Prior Registration Number”. Id. The recited goods of the ‘616 Application are: “Handbags; Tote bags” in International Class 18; and “Hats” in International Class 25.

The first use date of the ‘616 Application is September 23, 2009. Id. This is further evidence that Dorfman-Pacific’s use of its CAPPELLI STRAWORLD trademark was after it was assigned the CAPPELLI STRAWORLD, INC.® trademark and ‘188 Registration on March 23, 2010.

Dorfman-Pacific’s ‘616 Application includes the following translation: “The English translation of ‘CAPPELLI’ in the mark is ‘HAT’.” Cronen Dec., Exhibit C. The Trademark Examiner also required a “Disclaimer” of the word “CAPPELLI”, as follows:

“Applicant must disclaim the descriptive wording ‘CAPPELLI’ apart from the mark as shown because it merely describes the fact that Applicant sells hats. See, 15 U.S.C. §1056(a); TMEP §§1213, 1213.03(a). Indeed, the Italian word ‘cappelli’ means hat.’ See attachments.”
Cronen Dec., Exhibit D (Office Action of 6/23/2010).

Thereafter, Dorfman-Pacific amended its ‘616 Application to disclaim the word “CAPPELLI” in accordance with the Examining Attorney’s requests. On September 21, 2010, the ‘616 Application was published for opposition. On October 14, 2010, GMA instituted the present opposition proceedings.

E. Cancellation No. 92044972 Involved Different Parties, Different Marks, Different Claims, Different Transactional Facts, And Was Never Litigated On The Merits

As more fully set forth below, the prior cancellation proceeding identified in GMA’s moving papers has nothing to do with transactional facts or substantive merits underlying Dorfman-Pacific’s present application to register its CAPPELLI STRAWORLD mark.

On April 23, 2002, Cappelli Strawworld, Inc. filed an application to register the mark CAPPELLI on the Principal Register. Registration on the Principal Register was refused. However, on December 31, 2002, Registration No. 2,670,642 was issued for this name on the Supplemental Register. Rubel Dec., ¶12

Thereafter, GMA alleged common law rights to the words CAPELLI and CAPELLI NEW YORK, sometimes appearing as three separate words, and sometimes appearing as a single word, i.e. CAPELLINEWYORK, and filed its Petition for Cancellation of Trademark Registration No. 2,670,642, against Cappelli Strawworld, Inc., in Cancellation No. 92044972. The Petition for Cancellation was filed on September 29, 2005. It did not allege any federal

trademark registrations, but only common law rights.

Cappelli Strawworld, Inc. answered the Petition For Cancellation, pointing out that GMA used only CAPELLI NEW YORK/CAPELLINEWYORK and did not use “the term ‘CAPPELLI’ standing alone” (Affirmative Defenses, ¶1). See also, Supplemental Declaration of Michael James Cronen, Exhibit C (Archival printout of GMA’s website, dated December 15, 2005, displaying the name CAPELLINEWYORK).

Cappelli Strawworld, Inc.’s President, Ms. Bonnie Rubel, thereafter made a business decision that the “legal expenses, executive time, and employee inconvenience associated with litigating th[e] proceeding through to a judgment on the merits was not worth pursuing.” Rubel Dec., ¶14. There was no further defense of the registration and, eventually, judgment cancelling Supplemental Registration No. 2,670,642 was “granted as conceded”. Id.; Cronen, Exhibit E.

GMA’s Petition for Cancellation and the conceded judgment were limited to GMA’s alleged common law rights. The prior proceeding did not involve any of the registrations alleged in GMA’s present Notice Of Opposition. These registrations (i.e. U.S. Trademark Registration Nos.: 3,241,182; 3,241,184; 3,248,875; 3,258,734; 3,273,451; and 3,322,312) had not issued and, in fact, GMA’s applications for these had not even been filed when GMA filed its Petition for Cancellation.

IV. ARGUMENT

GMA’s Motion For Summary Judgment should be denied. Under established principles of *res judicata*, there is no claim or issue preclusion under the circumstances of this case. This is because the prior proceeding alleged in GMA’s moving papers, Cancellation No. 92044972,

involved different parties, different trademarks, different transactional facts, different legal issues, and, further, the issues in that proceeding were never litigated on their merits.

A. Legal Standard For The Grant Of Summary Judgment

Under Fed. R. Civ. P. Rule 56(c), GMA “has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to a judgment as a matter of law.” See, *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). This is a higher burden than GMA’s burden of proof at trial. *Gasser Chair Co. Inc. v. Infanti Chair Mfg Co.*, 60 F.3d 770, 773, 34 USPQ2d 1822, 1824 (Fed. Cir. 1995) (In addition to establishing claim elements of cause of action by a preponderance of evidence, movant must also establish there is no genuine issue of material fact regarding those elements).

In deciding a motion for summary judgment, the Board’s determination is limited to the issue of whether or not there are any genuine issues of material fact to be determined at trial. *Opryland USA, Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 16 USPQ2d 1783 (Fed. Cir. 1990). A fact is material if it “may affect the decision, whereby the finding of that fact is relevant and necessary to the proceedings.” *Opryland*, 970 F.2d at 849-50.

As the non-moving party, Dorfman-Pacific must be given the benefit of all reasonable doubt regarding the existence of genuine issues of material fact. The evidentiary record, therefore, and all inferences therefrom, must be viewed in a light most favorable to Dorfman-Pacific. See, *Lloyd’s Food Products, Inc. v. Eli’s Inc.*, 987 F.2d 766, 767, 25 USPQ2d 2027 (Fed. Cir. 1993); *Opryland*, 970 F.2d at p.850; *Old Tyme Foods, Inc. v. Roundy’s Inc.*, 961 F.2d 200, 202, 22 USPQ2d 1542 (Fed. Cir. 1992); *Copeland’s Enterprises, Ltd. v. Capital Speadkers Clup of Washington DC, Inc.*, 41 USPQ2d 1030, 1034 (TTAB 1996).

In the present case, the evidentiary record submitted by Dorfman-Pacific includes, without limitation, the registrations pleaded and made of record, other registrations, Trademark Office records (TARR web server & TESS generated documents), references to printed publications, such as English and Italian language dictionaries, printouts from the parties' web sites, and other materials available to the general public and in general circulation among relevant members of the public. This is allowed on summary judgment without the filing of any Notice of Reliance. 37 CFR §2.122.

In addition to the above, Dorfman-Pacific also submits, as part of its evidentiary showing, two search reports, one regarding the large number of third-party users of CAPPELLI, and a second report showing Dorfman-Pacific's exclusive use of its STRAWORLD designation. Supplemental Declaration of Michael Cronen, Exhibit A and Exhibit B, respectively, filed herewith and incorporated herein by this reference. This is submitted to show: GMA's alleged mark is a "weak" mark entitled to the narrowest range of protection; Dorfman-Pacific's STRAWORLD designation is a "strong", distinctive designation; and Dorfman-Pacific's its applied-for mark, CAPPELLI STRAWORLD, and its registered mark, CAPPELLI STRAWORLD, INC. are distinctive and different from the marks of GMA's prior cancellation proceeding.

B. The Board Should Strike And Disregard The Declaration Of Conor F. Donnelly, Esq. And Deny GMA's Motion For Summary Judgement As Unsupported By Admissible Evidence

Fed. R. Civ. P. Rule 56(e), requires that any "[s]upporting ... affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein." The Federal

Rules of Evidence also require that “[a] witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter.” Fed. R. Evid. Rule 602.

In the present case, GMA submits the Declaration of its litigation counsel, Conor F. Donnelly, Esq., as its sole affidavit in support of its Motion For Summary Judgment. However, the Board should strike and disregard the portions of Mr. Donnelly’s Declaration that are beyond his personal knowledge and that comprise mere legal argument and factual speculation.

Mr. Donnelly only recently appeared in this matter, having filed his Notice of Appearance on December 7, 2010. It is apparent from Mr. Donnelly’s Declaration that he has no personal knowledge about the matters set forth therein. For example, at paragraph 2 of his Declaration, Mr. Donnelly states his testimony is “based on [his] review of the file maintained in this Firm’s office”. Mr. Donnelly’s testimony regarding the activities of others in 2005 and 2006, is clearly made without his personal knowledge about any of those activities.

Mr. Donnelly also testifies without personal knowledge or evidentiary support that “Applicant as purchaser of the defendant in the prior action is in privity with it” for purposes of the prior cancellation of the Supplemental Registration of CAPPELLI in Cancellation No. 92044972. Donnelly Dec., ¶10; see also Donnelly Dec. ¶8 (“Applicant purchased Strawworld”). Mr. Donnelly provides no documentary or other evidence to support his conclusions regarding purchase terms, privity, what marks are allegedly involved, and other transactional facts he testifies about in his Declaration.

In fact, Mr. Donnelly’s testimony is contradicted by the pleadings. For example, in paragraph 24 of Dorfman-Pacific’s Answer And Amended Counterclaims (With Fee), Dorfman-

Pacific denied GMA's allegation that "Dorfman-Pacific is in privity with Cappelli Strawworld, Inc." It also denied GMA's allegation that "Dorfman-Pacific is the successor in interest to Cappelli Strawworld, Inc." as vague and ambiguous with respect to the subject matter of that allegation.

Finally, paragraphs 9 and 10 of Mr. Donnelly's Declaration should be disregarded for including inappropriate legal argument and unsupported legal conclusions and factual speculation.

The Court should therefore also strike and disregard Mr. Donnelly's opinions and factual statements as inadmissible opinion evidence and attorney argument. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F3d 1576, 39 USPQ2d 1573, 1579 (Fed. Cir. 1996).

C. GMA's Motion For Summary Judgment Should Be Denied Because Genuine Issues Of Material Fact Preclude A Finding Of *Res Judicata*

The term *res judicata* includes two related concepts: "claim preclusion" and "issue preclusion." *Sharp Kabushiki Kaisha v. Thinksharp, Inc.*, 448 F.3d 1368, 1370, 81 USPQ2d 1748 (Fed. Cir. 2007). As explained by the Court of Appeals for the Federal Circuit, "*Res judicata* is often analyzed further to consist of two preclusion concepts: 'issue preclusion' and 'claim preclusion.'" Id.

As stated by the Court in *Sharp Kabushiki v. Thinksharp*:

Issue preclusion refers to the effect of a judgment in foreclosing relitigation of a matter that has been litigated and decided. This effect is also referred to as direct or collateral estoppel. Claim preclusion refers to the effect of a judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it should have been advanced in an earlier suit. Claim preclusion therefore encompasses the law of merger and bar. Citing *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75,

77 n.1 (1984) (internal citations omitted). *Id.*

In the present case, GMA' submits the inadmissible and incorrect testimony of its litigation counsel who states, without any analysis whatsoever, that "the TTAB's judgment canceling" Cappelli Strawworld, Inc.'s Supplemental Registration No. 2,670,642 of CAPPELLI in Cancellation No. 92044972 "is *res judicata* and requires refusal of" Dorfman-Pacific's present application to register its CAPPELLI STRAWORLD trademark. Declaration of Connor F. Donnelly, ¶9.

At the outset, it is important to note that GMA is affirmatively asserting a claim of *res judicata* "not to preclude a claim asserted" by Dorfman-Pacific, but rather to support its opposition, i.e. as a sword, not a shield. The Supreme Court has cautioned against the offensive use of *res judicata*, as asserted by GMA in the present case, as potentially unfair. See *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 330-32 (1979).

As fully set forth below, a proper application of established principles of *res judicata*, in view of the admissible evidence of record, shows that GMA's motion for summary judgment should be denied.

**1. There Is No Issue Preclusion Resulting From Cancellation
No. 92044972**

Collateral estoppel, or issue preclusion, may bar relitigation of the same issue in a second action. In *Parklane*, 439 U.S. at 326 n.5, the Supreme Court explained that "[u]nder the doctrine of collateral estoppel, ... the second action is upon a different cause of action and the judgment in the prior suit precludes re-litigation of issues actually litigated and necessary to the outcome of the first action." The requirements for application of collateral estoppel, or issue preclusion, may

be summarized as follows: “(1) identity of an issue in a prior proceeding, (2) the identical issue was actually litigated, (3) determination of the issue was necessary to the judgment in the prior proceeding, and (4) the party defending against preclusion had a full and fair opportunity to litigate the issue in the prior proceeding.” *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1234 (Fed. Cir. 2005), citing *Montana v. United States*, 440 U.S. 147, 153-55 (1979).

"The public policy underlying the principles of preclusion, whereby potentially meritorious claims may be barred from judicial scrutiny, has led courts to hold that the circumstances for preclusion 'must be certain to every intent.'" *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1234 (Fed. Cir. 2005), quoting *Russell v. Place*, 94 U.S. (4 Otto) 606, 610 (1877)(denying preclusion in a patent infringement case, stating that "[a]ccording to Coke, an estoppel must 'be certain to every intent;' and if upon the face of a record anything is left to conjecture as to what was necessarily involved and decided, there is no estoppel in it when pleaded, and nothing conclusive in it when offered as evidence.").

As stated by the Court in *Mayer/Berkshire*, “[c]aution is warranted in the application of preclusion by the PTO, for the purposes of administrative trademark procedures include protecting both the consuming public and the purveyors.” *Mayer/Berkshire Corp.*, 424 F.3d at p.1234. 606, 610 (1878). “[A] reasonable doubt as to what was decided in the first action should preclude the drastic remedy of foreclosing a party from litigating an essential issue.” *United States v. Munsingwear, Inc.*, 340 U.S. 36, 38 (1950).

a. The Issues In Prior Cancellation No. 92044972 Were Different Than The Issues In The Present Opposition Proceeding

The issue in the present Opposition, as alleged in GMA's Notice of Opposition, is whether or not "there will be a likelihood of confusion with GMA's CAPELLI and dilution of GMA's CAPELLI mark" resulting from Dorfman-Pacific's CAPELLI STRAWORLD mark. Notice of Opposition, ¶21.

This is entirely different than the issues involved in Cancellation No. 92044972. Unlike the present opposition, the prior cancellation involved GMA's alleged common law ownership of CAPELLI or CAPELLINEWYORK to attack Cappelli Strawworld Inc.'s federal trademark registration of CAPELLI standing alone. Conversely, in the present case, GMA alleges federal trademark registrations of CAPELLI standing alone to attack Dorfman-Pacific's application to register the combined word mark CAPELLI STRAWORLD. Because of these differences in GMA's asserted ownership interests, the common law ownership rights alleged in the prior cancellation proceeding involved different issues than GMA's alleged ownership of federal trademark registrations in the present case.

The legal issues in the two proceedings are also different. The present case relates to GMA's alleged statutory rights arising under the Trademark Act, 15 U.S.C §1001, et seq., in connection with U.S. Trademark Registration Nos.: 3,241,182; 3,241,184; 3,248,875; 3,258,734; 3,273,451; and 3,322,312. GMA's alleged trademark registrations were not part of the prior proceedings. In fact, none of these trademark registrations could have been involved in the prior proceeding because they had not issued at the time GMA filed its prior Petition For Cancellation. Indeed, the applications for these registrations had not even been filed at that time.

The issues in Cancellation No. 92044972 also involved different parties. That proceeding resulted from Cappelli Strawworld, Inc.'s federal registration of CAPELLI on December 31,

2002. Dorfman-Pacific was not involved in that proceeding.

It also involved different marks. GMA's prior Petition For Cancellation alleged common law rights to the words CAPELLI and/or CAPELLI NEW YORK, sometimes appearing as three separate words, and sometimes appearing as a single word, i.e. CAPELLINEWYORK. See, Cappelli Strawworld, Inc.'s Affirmative Defenses, ¶1 (GMA's Petition For Cancellation did not involve rights to "the term 'CAPPELLI' standing alone"). A printout of an archival copy of GMA's website from this period, dated December 15, 2005, shows GMA's use of CAPELLINEWYORK at the time of the prior cancellation proceeding.

This is not a situation where an applicant, after entry of judgment against it, adopted a second mark in an attempt to avoid the preclusive effect of a previous judgment. Dorfman-Pacific's CAPPELLI STRAWORLD trademark is essentially the same as its CAPPELLI STRAWORD, INC. trademark and incontestible '188 Registration, which has been in continuous use since 1957.

b. No Issues Were Actually Litigated In Prior Cancellation No. 92044972

It is highly relevant that the prior conceded judgment cancelling the Supplemental Registration of CAPPELLI was entered without consideration of the merits. "Precedent cautions that *res judicata* is not readily extended to claims that were not before the court, and precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial." *Kearns v. Gen. Motors Corp.*, 94 F.3d 1553, 1557 (Fed. Cir. 1996); see *Brown v. Felsen*, 442 U.S. 127, 132 (1979) (*res judicata* is "invoked only after careful inquiry"). In *Kearns* the Court further cautioned that "[w]hen applying *res judicata* ... [r]estraint is particularly

warranted when the prior action was dismissed on procedural grounds.” *Kearns*, 94 F.3d at p. 1556.

Here, *res judicata* should not be extended to GMA’s claims in the prior action because no issues were actually litigated in that proceeding. Dorfman-Pacific should not be denied its day in court where, as here, the marks, parties and legal issues are different and the prior cancellation proceeding was conceded and never litigated on the merits. Due process and the interests of justice, therefore, require the denial of GMA’s Motion For Summary Judgment.

c. The Issues Relating To GMA’s Alleged Federal Trademark Registrations Were Not Involved Or Necessary To The Judgment In The Prior Proceeding

As set forth above, GMA’s prior Petition for Cancellation and the conceded judgment were limited to GMA’s alleged common law rights. This prior proceeding did not involve any of the registrations alleged in GMA’s present Notice Of Opposition. GMA’s alleged trademark registrations had not issued and, in fact, GMA’s applications for these had not even been filed when GMA filed its Petition for Cancellation. The prior cancellation also involved different parties, marks, transactional facts and legal rights and a conceded judgment. Therefore, there are no issues in the present case that were necessary to the prior judgment canceling Supplemental Registration No. 2,670,642.

d. Dorfman-Pacific Was Not A Party To GMA’s Alleged Cancellation Proceeding And Had No Opportunity To Litigate Any Issue In The Prior Proceeding

As set forth above, Dorfman-Pacific was not a party to the prior cancellation proceeding alleged in GMA’s moving papers. In fact, those proceedings concluded many years before Dorfman-Pacific’s first use date of its CAPPELLI STRAWORLD trademark, or the assignment

of the CAPPELLI STRAWORLD, INC.® mark, the ‘188 Registration, and the www.cappellistraworld.com domain name registration to Dorfman-Pacific in 2009. Therefore, Dorfman-Pacific did not have any opportunity to litigate any issue in the alleged prior proceeding.

2. There Is No Claim Preclusion Resulting From Cancellation No. 92044972

For claim preclusion based on a judgment in which the claim was not litigated, there must be: (1) an “identity of parties (or their privies)”; (2) “a final judgment on the merits” of the prior claim; and (3) “the second claim is based on the same set of transactional facts as the first” such that the second claim “should have been litigated in the prior case.”

Mayer/Berkshire, 424 F.3d at p.1232, citing; *Jet, Inc.*, 223 F.3d at 1362.

a. GMA Has Not Established An Identity Of The Parties Or Their Privies

As set forth above, Cancellation No. 92044972 involved different parties. That proceeding resulted from Cappelli Strawworld, Inc.’s federal registration of CAPPELLI on December 31, 2002. Dorfman-Pacific was not involved in that proceeding. The parties to the two actions are therefore not identical.

GMA has failed to provide admissible evidence to support the statements of its litigation counsel that Dorfman-Pacific is “in privity”. *Donnelly Dec.*, ¶10. Because GMA failed to provide evidence of a mutual or successive relationship to the alleged trademark. *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 480 (Fed. Cir. 1991) (Proponent of claim preclusion has burden of proof).

b. There Was No Final Judgment On The Merits Of GMA's Prior Claim

Here again, it is highly relevant that the conceded judgment in Cancellation No. 92044972 was entered without consideration of the merits. Cappelli Strawworld, Inc. answered GMA's Petition For Cancellation, pointing out that GMA used only CAPELLI NEW YORK/CAPELLINEWYORK and did not use "the term 'CAPPELLI' standing alone" (Affirmative Defenses, ¶1). However, Cappelli Strawworld, Inc. thereafter made a business decision that litigating the proceeding through to a judgment on the merits was not worth pursuing. Rubel Dec., ¶5. Judgement cancelling Supplemental Registration No. 2,670,642 was thereafter "granted as conceded". Cronen Dec., Exhibit E.

Because there was no final judgment deciding the merits of GMA's claims in Cancellation No. 92044972, GMA's present attempt to use that dismissal on procedural grounds as a sword against Dorfman-Pacific should not be allowed. "Precedent cautions that res judicata is not readily extended to claims that were not before the court, and precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial." *Kearns v. Gen. Motors Corp.*, 94 F.3d 1553, 1557 (Fed. Cir. 1996). "Restraint is particularly warranted when the prior action was dismissed on procedural grounds." *Id.*

c. The Claims In The Prior And Present Proceedings Are Based On An Entirely Different Set Of Transactional Facts

The proponent of claim preclusion bears the burden of showing that the transactional facts in the two suits are the same. *Foster v. Hallco*, 947 F.2d at p. 480. "[A] reasonable doubt as to what was decided in the first action should preclude the drastic remedy of foreclosing a party from litigating an essential issue." *United States v. Munsingwear, Inc.*, 340

U.S. 36, 38 (1950).

The claims in the present opposition are based on an entirely different set of transactional facts than the claims in Cancellation No. 92044972. Unlike the present opposition, the prior cancellation involved GMA's alleged common law ownership of CAPPELLI or CAPELLINEWYORK to attack another company, Cappelli Strawworld Inc.'s federal trademark registration of CAPPELLI standing alone. Conversely, in the present case, GMA alleges federal trademark registrations of CAPPELLI standing alone to attack Dorfman-Pacific's application to register the combined word mark CAPPELLI STRAWORLD.

The transactional facts also differ in that the present opposition involves GMA's allegations relating to several federal trademark registrations. GMA's alleged trademark registrations were not part of the prior proceedings. As set forth above, none of these trademark registrations could have been involved in the prior proceeding because they did not issue until after GMA filed its prior Petition For Cancellation. In fact, the applications for these registrations had not even been filed at that time. These differences are themselves sufficient to deny GMA's motion.

The transactional facts underlying the two proceeding are also different because they involved different marks. GMA's prior Petition For Cancellation alleged common law rights to the words CAPELLI and/or CAPELLI NEW YORK, sometimes appearing as three separate words, and sometimes appearing as a single word, i.e. CAPELLINEWYORK. Unlike the prior cancellation, the present case involves Dorfman-Pacific's previously registered mark, CAPPELLI STRAWORLD, INC.® and incontestible '188 Registration, as well as Dorfman-Pacific's present application to register CAPPELLI STRAWORLD, which specifically refers to the '188

Registration. Because Dorfman-Pacific's marks were never involved in the prior cancellation proceeding, GMA's claims regarding these marks could not have been litigated in the prior case.

Furthermore, GMA's claims in this opposition could not have been litigated in the prior cancellation proceeding because the federal trademark registrations alleged in GMA's present Notice Of Opposition had not issued until after Cancellation No.92044972 concluded. Thus, there is no basis for claim preclusion because the transactional facts of the two proceedings are different. Dorfman-Pacific presented evidence of changed circumstances subsequent to conclusion of Cancellation 92044972, including its assigned ownership of the CAPPELLI STRAWORLD, INC.® mark and incontestible '188 Registration, and domain name registration of www.cappellistraworld.com, which also renders preclusion improper in this case.

GMA's Motion For Summary Judgment should therefore be denied because there was nothing decided in the prior cancellation proceeding that should afford GMA the drastic remedy of foreclosing Dorfman-Pacific from litigating the essential issues involved in this opposition.

V. CONCLUSION

_____ For the foregoing reasons the Board should deny GMA's Motion For Summary Judgment of *Res Judicata*.

Respectfully submitted,

Dated: January 17, 2011

By: /s/ Michael James Cronen
Michael James Cronen

